

SOUTH AFRICAN CABOTAGE DEBATED – OR SHOULD THE MARKET DICTATE?

Empty berths have greeted Cape Town ship-spotters on several occasions over the past weeks. Indeed, only a handful of containerships were in port; **Paardeberg** - formerly the South African Navy's **Outeniqua** and now under new ownership - reclines at the Repair Quay, awaiting, I understand, final procedures before sailing to the US Gulf for conversion for a new role in the oil industry.

With few grain ships, the paucity of bunkers, and the Boland orchards in blossom ahead of the fruit season that will draw reefer ships here later, the port has been quiet for several days.



Thus with considerable pleasure, I watched **Ocean Africa Container Line's Limpopo** sail the other day. Indicative of the burgeoning Angolan trade, she was fully laden as she headed into a long swell from the west.

A joint operation between Safmarine and Unicorn, OACL have a fleet of feeder containerships that operate from Durban to Luanda via intermediate ports, while another service links Durban and East Africa. Yet all their vessels are chartered from foreign owners, and all oil products are moved along the coast in foreign-flagged tankers.

Services such as these came under the spotlight last Thursday at a seminar organised by the **Women's International Shipping and Trading Association (WISTA)**, a commendable initiative. Erroneously believing that I had debating skills, the ladies persuaded me to join a panel to argue the merits or otherwise of cabotage, in terms of which a littoral state reserves the coastwise carriage of cargo for locally-registered ships. The practice retains significant revenue within the country, rather than have it repatriated to the accounts of foreign shipowners, brokers and others.

The background to the cabotage issue in South Africa bears considerable thought. Those old coal-fired coasters suffered severe competition from foreign ships on both sides of World War 2. Once the **Union-Castle** mailships had completed discharging cargo in Cape Town, they had masses of space available to lift coastwise cargo that, in view of the punctuality of their schedule, shippers readily booked cargo space in them. To fill their holds, other ships also undercut the coasters' tariffs.

Protests from the coasting companies fell on deaf ears, until it was pointed out that while **Union-Castle** received significant state subsidies, the South African coasters were struggling. When the government leant on the likes of **Union-Castle** to leave the coastal trade to the locals, the situation changed as **Unicorn's** South African-flagged vessels cornered the coastwise market.

Government pressure on **British & Commonwealth** - Union-Castle's parent company - had also resulted firstly in the flagging of two cargoships in Cape Town in 1946, and later in the formation of **Springbok Line** that took over some Clan Line ships, registered them in Cape Town and crewed them with South Africans, where possible. Although **B&C** interest continued, **Safmarine** absorbed the Springbok ships in 1961, almost doubling the size of its own fleet in the process.

Further pressure brought two mailships to the South African register.

However, once trade sanctions threatened, both **Unicorn** and **Safmarine** flagged out most of their vessels.

In 1971, the South African-registered **Nahoon** arrived in Abidjan where a large conference of African leaders was taking place. **Unicorn** officials were horrified to hear, via British and South African news bulletins, that the master had been arrested and the ship detained. '*Not true!*' responded the master wryly to hurried inquiries from Durban. '*I was simply asked not to work cargo and to instruct the crew not to proceed ashore.*'

With the full knowledge of West African authorities, **Nahoon** was renamed later, flagged in Panama, and continued trading to the region.

While political factors have less bearing on flagging, other obstacles continue to discourage the growth of the South African register. At the WISTA debate, the reasoned voice of Professor John Hare of UCT's Department of Shipping Law spelt out that cabotage regulations on their own were dead in the water. Rather, bundles of maritime legislation need to be revised before cabotage can be introduced. It is one thing to compel coastwise cargoes to be carried in locally-

flagged ships; it's another to attract owners to the South African registry, especially in the face of unfriendly labour legislation, the current ranking of bank mortgages on ships, and the absence of a local tonnage tax system.

If cabotage brought more ships to the local register, they would need to be crewed by South Africans, thus creating more job opportunities – one of the positive spin-offs associated with cabotage.

An extension of cabotage is the reservation of a portion of foreign trade to be carried by local ships, as legislated by several countries, including India. Every ton of cargo passing through South African ports is moved by foreign vessels as the only locally-flagged ships are tugs, fishing-related vessels, the Antarctic supply ship, and a solitary **Safmarine** containership that does not trade here.

Besides the absence of local ships in our harbours, most of the charter fixtures for major mineral exports and the country's crude oil imports are negotiated abroad, meaning that the brokerage and freight on such transactions are paid to foreigners when competent locals could do the job. Others firmly believe that market forces should dictate which ships carry South African cargoes. Emotive stuff indeed!

Perhaps one needs to step back from a direct debate on cabotage, and consider the level that shipping is accorded in South Africa. How many times, one wonders, is the word even mentioned in parliament? Crashed taxis and trashed trains gain the limelight, yet which form of transport moves 90 percent of the country's trade?

It's time to prioritise shipping in the national forum! Are the enthusiastic WISTA perhaps some of the folks to lead the charge?
